

Secretary of Commerce Carlos M. Gutierrez
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Good morning. Thank you for inviting me to talk about our economy and the important role that trade plays in keeping America competitive.

Last week, the revised third quarter GDP was announced. It was revised upward to 4.9 percent—an impressive rate of growth for a large, developed economy like ours.

One of the biggest drivers of that GDP growth has been international trade. U.S. exports last year increased 12.7 percent to \$1.4 trillion, an all-time record. We're on track to beat that this year with continued, double-digit growth.

An important step we can take to keep America's economy strong is to continue to open global markets. And opening markets here in our hemisphere is strategically important—both economically and politically.

Currently, the United States has FTAs with 14 countries, 11 of which were implemented under the Bush Administration. Seven of those were in Latin America. As you know, we have pending free trade agreements with Peru, Colombia, Panama and Korea. These four agreements would open up markets with a combined GDP of \$1.1 trillion and 126 million consumers.

The Latin American agreements in particular will help grow U.S. exports, create jobs and opportunity in our region and increase prosperity for our neighborhood.

Today, I want to talk to you specifically about Colombia, a small country in our hemisphere with a tragic reputation as a haven for drugs and violence.

Today, I am here to tell you that the image you might hold of Colombia belongs in the history books. I also want to tell you why you should care about the future of that country.

I have been to Colombia three times in the last three months. Each time I have been accompanied by bipartisan congressional delegations as well as members of the press.

I believe that seeing is believing. Until you have seen the stunning transformation that has taken place first-hand it is nearly impossible to believe it.

In the 1990s Colombia was a country spiraling out of control. For 40 years conflict between government forces and insurgent and paramilitary groups and the drug cartels had brought the country to the brink.

As one recent report noted, "The country was locked in a downward cycle of violence, with guerrilla and paramilitary armies fueled by the profits from the drug trade tilting the balance of power in their favor...Democratic institutions in Colombia were at risk." (CSIS)

But just when it was on the verge of becoming a failed state run by guerillas, Colombia was yanked back from the edge, emerging from near destruction and making tremendous strides toward peace, prosperity and a hope-filled future.

And what precipitated this change? A strong people; a strong hope for the future; and strong leadership, under the direction of democratically-elected President Alvaro Uribe.

As a recent *USA Today* article noted, "Under Uribe, the state has clawed back."

During my recent trips I've met with workers, union leaders, demobilized paramilitaries, businesspeople and government officials. I've been overwhelmed by the turnaround Colombia has made.

The changes that have taken place have transformed the country—and they aren't just anecdotal changes. There are cold, hard facts to back them up.

Let me give you some numbers:

- Since 2000, homicides are down by 40 percent;
- Kidnappings are down by 76 percent;
- And terror attacks by 61 percent;

- Cocaine production is down 27 percent and seizures bound for the U.S. have increased by 112 percent;
- By the end of 2006, 32,000 former paramilitaries had demobilized and have rejoined mainstream society.
- For the first time there is legitimate state presence in all of Colombia's 1099 municipalities.

As a result of decreased violence and increased security the lives of Colombians have dramatically improved:

- Since 2002 poverty has been reduced by nearly 20 percent;
- At the same time the economy's grown an average of 5.2 percent each year;
- And enrollment in public schools is up to 92 percent, with a 64 percent increase in children receiving school meals since President Uribe took office.

Indeed, Colombia is a great example of the connection between prosperity and security—you simply can't have one without the other.

The U.S. has been a proud partner in Colombia's success. One way we've done so is through the more than \$5.5 billion invested in Plan Colombia. This bipartisan initiative, launched under President Clinton has promoted peace, combated the narcotics industry, revived the economy and helped strengthen democracy.

The good news is that Plan Colombia is working. Indeed, the *Washington Post* recently described Plan Colombia as a "clear success in helping the Colombian government beat back drug traffickers, leftist guerrillas and right-wing insurgents."

In the past, Latin American countries being overrun by guerrilla movements and drug cartels have reacted with dictatorships, martial law and canceled elections.

President Uribe and the Colombian people have responded to the challenges by strengthening democracy. They are a long-time friend and ally.

We must remember that the democratic ideals of liberty and freedom aren't the only system being promoted in this hemisphere today.

While we seek empowerment of the individual, others seek to suppress people, ideas and debate. While we encourage the free flow of investment and business, others seek to stifle free enterprise.

And while the vast majority of our regional neighbors are moving forward on the path of freedom and progress, there are those who do not share our vision of equal opportunity and true social justice.

As important as our aid has been, nothing can substitute the power of private enterprise and economic growth to promote opportunity and social justice.

One way of promoting that growth is through trade. For 16 years, since our Congress first passed the Andean Trade Preference Act, Colombians have had almost duty free access to our market.

It's important that the U.S. Congress pass these agreements quickly to give U.S. companies the same preferences Congress has already given to Colombian companies.

Today, more than 90 percent of Colombia's exports enter the U.S. duty free. Most U.S. exports pay duties.

The U.S. is now Colombia's largest trading partner, and Colombia is our largest export market for agriculture products in South America.

Two-way trade between our nations reached \$16 billion last year, up more than 70 percent since 2002.

An FTA will make Colombia's access to the U.S. permanent and expand it to new areas of trade and investment.

The economic case for this agreement is clear. We believe the security and social justice case is also clear.

I believe the American people and the American Congress must hear the story of how far Colombia has come, how much potential there is for growth—and how fragile the future is without our help.

I believe not passing a Colombia FTA would be an enormous foreign policy mistake. Worse, it would be a reversal of all that the Colombian people have accomplished and the investment we've made in their success.

While we're very pleased with the strong bipartisan vote in our House of Representatives on the Peru FTA it's imperative that the Colombia FTA is passed as quickly as possible.

A stronger, more peaceful and prosperous Colombia is in the best interest of not just Colombia but the entire hemisphere. A free trade agreement is the right tool to achieve that vision.

How would denying or delaying the FTA help the U.S. or Colombia? Now is not the time for the U.S. to turn its back.

This is a critical moment for Colombia. And it is a critical moment for the United States.

- We need to stand by representative democracies and the cause of freedom.
- We need to stand by our commitments to our neighbors.
- We need to stand by our friends.

The United States has been an important partner in ushering in a new era in which social justice is valued and opportunity is within the reach of all. Now is the time to take that partnership to the next level.

We must help Colombia move forward. President Bush is committed to a secure and prosperous Colombia. President Uribe is a tireless advocate for Colombia's progress.

I believe the case for a free trade agreement with Colombia is clear. It is important for our hemisphere, for our stability and for our economy. Thank you.